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East India Company
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I N D I A A N D I N E U R O P E ;

W I T H

An Examination into the probable Prospects of extricating
it from its present Difficulties.

L O N D O N :

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SHORT STATE

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INDIA COMPANY.

THE affairs of the East-India Company, which have so long engrossed the attention of the Public, but the real state of which has been known to so few, are at length laid open ; and every individual who gives himself a little trouble, may, in a few days, be as completely master of the state of their finances, as if he had been for years in the Direction.

The novelty of the subject, the difficulty of obtaining satisfactory information, and the various and contradictory accounts of the situation of the Company, both at home

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and abroad, which common industry could not reconcile, have hitherto left India, in a manner, an unknown country to the bulk of Englishmen.

But the ill-judged boldness of the Court of Directors, in giving the public a state of the finances of the Company, and the active industry of the Committee of the House of Commons, in detecting their errors, and in comparing their accounts with the facts upon which they were said to be founded, has completely laid open, in the most authentic manner, the real state and condition of this Company. The golden dream is vanished, and the question is not now, what advantage is England to derive from India, but what is England to give to support India? Or, what means are we to contrive, in order to prevent the tottering system of Indian Credit from falling to pieces, and perhaps involving the Public Credit of this Country in its ruins?

From a comparison of the different reports laid before the Public, we are to learn the



the real state of the credit and finances of the Company, and to determine upon the degree of assistance requisite for its support; and after all our investigations, it may, in the minds of many, remain a doubt whether any support will save it from ruin.

The Committee of the House of Commons, has confined itself to the making observations on the affairs of the Company, and has rather furnished materials for making up a state of its finances, than given any such state themselves. But it will be easy to follow them through their observations, and to apply them specifically to the different accounts made up by the Company.

In order to evince the situation of the Company, the Directors have laid before the Public three different accounts, which, if well founded, shew their difficulties to be temporary, and point out the means of conquering them.

The first of these is an estimate of their

receipts and payments from January, 1784, to March, 1790 ; and by apportioning the great load of bills, now running upon them through different years, they state the means of paying them, provided they are allowed to postpone some of these bills for different periods, paying interest to the bill-holders.

This Account, which is nothing more than a Cash Account, would prove (if well founded) that the Company can go on till the year 1790, pay the bills which they knew of at the date of the report, and such future bills as are supposed to be necessary for the carrying on their trade, a balance of cash would remain in their hands, in March, 1790, of between two and three hundred thousand pounds. But if, by any alteration of circumstances, the payments necessary to be made by the Company should increase, or the expected receipts diminish, it is evident that the Company cannot go on, let the stock of goods in their Warehouses be great or small, without some further assistance than what is proposed. How far this is likely

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likely to be the case, a very short view of the observations of the Committee will point out.

The second Account contains a plan of trade and commerce to be carried on through the succeeding years their Charter has to run, which is so modified as to shew that their future commerce, with the stock of goods now on hand, will furnish them with the means of procuring cash, in order to make good their payments at the different periods when they become due. If this account is fallacious, and if their trade and commerce cannot be carried on, nor their stock of goods on hand be disposed of in the mode here pointed out, the whole system must fall to the ground. For if their trade does not furnish them with the means of finding cash to make good their necessary payments, the Company must stop.

The third Account produced, is an estimate of the probable surplus of revenue in India, after deducting all the charges of a peace establishment, which surplus may in
future

future be applied, first to the discharge of their debts in India, and afterwards, either to the providing of investment, or to any other national purpose.

It is upon the accuracy and fidelity of all these different accounts, that the Public is to judge of the real situation of the Company, and how far the relief proposed will answer the purposes intended by it. To give partial and temporary relief; is only encreasing the evil, and doubling the calamity when it comes, at the same time that it leads the Public to overlook the real dangers that hang over it, and to take no means whatsoever to avert their calamitous effects.

It is, therefore, with the view that the Public may truly know the situation of the Company, and be able to decide justly between the Committee and the Directors, that I am led to state the real situation of the Finances of the Company; and, surely, it is an object highly national, that every

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man may be enabled to determine upon a question of so great magnitude and importance, both to the Public and to the individual.

From a variety of causes, bills to an immense amount, far exceeding the sums allowed to be drawn for from India, by Act of Parliament, have been accumulated upon the Company, while quantities of goods, the produce of the money borrowed on these bills, are either arrived or are *expected* in England. The ostensible plea of the servants abroad for this conduct is, that the war had brought so great a number of ships to India, that the allowing them to return empty to Europe, or the detaining them till the cargoes were provided in the regular course of investment, would bring a ruinous charge of freight and demurrage on the Company; to obviate which, they were induced to borrow money on bills upon England, and with the money thus borrowed to provide cargoes for the ships then in India.

It

It is not material at present to examine into the wisdom of a transaction, which has for its basis, the carrying on a * losing trade with borrowed money, subject to an interest of eight *per cent.* from the time the money was advanced or subscribed, till the bills were drawn, and subject to an interest of five *per cent.* for the time they are proposed to be postponed. It is sufficient to remark, that the uniform hardship complained of by the servants of the Company, has been the difficulty of procuring the remittance of private fortunes to Europe, and that this plan, invented by themselves, afforded an ample and an easy mode of remittance to them, while it has been the cause of that immense accumulation of bills, which now forms one of the embarrassments

* Loss on the Bengal investment, Appendix to the Ninth Report of the Select Committee,

1776	—	24,471
1777	—	148,021
1778	—	249,932
1779	—	96,805

From this short state, the ruinous consequences of carrying on the Bengal trade with borrowed money is sufficiently apparent.

ments of the Company. It may be true, that goods either now are arrived, or are soon expected to arrive in England, purchased with the money thus borrowed, but if the trade is by no means a gaining one, and if the market for Indian goods is limited, the distress of the Company must be great, as the bills must be paid before the goods from the produce of which they ought to be paid, can be disposed of. To remedy this evil, the Directors propose first to postpone paying to the Public the sum of 924,862l. now due for duties. Secondly, To postpone the bills to such periods as their receipts will enable them to discharge them. Thirdly, To detain from the Public the sum of 100,000l. still remaining due, for the last renewal of the Charter. And, Fourthly, So to conduct their future exports and imports, as to enable them to dispose of the accumulated load of goods soon expected in England.

But if this complicated scheme of commerce and finance is erroneous in any material article, the fabric must tumble to the
C ground,

ground, and the embarrassments of the Company be encreased instead of being diminished. How far this is likely to be the case, the following observations will point out :

The cash estimate, or the estimate of receipts and payments offered by the Company in their first Report, proceeds upon the idea of postponing a sum amounting, with interest, to £.1,395,153 in bills, to a period of three years after they would regularly fall due, and by suiting their future payments to their receipts, to discharge a certain portion of them annually. They calculate that all these bills will be discharged before March, 1790, and every other demand upon them satisfied, and that balance of cash of £.201,000 will remain in their treasury, and a quantity of goods, equal in value to £.2,800,000 will remain in their warehouses at the time their charter expires.

This is, no doubt, a very flattering view of the condition of the Company, but an inspection of the report of the Committee, with

with the papers in the Appendix, will satisfy any mind less sanguine than that of an India Director, of the fallacy of this estimate, without having recourse to any of those various contingencies which derange the best modelled scheme, and which necessarily must arise in a system so great and so complicated as that of the East-India Company.

Accidents of whatever nature, and deviations from their plan, from whatever cause, are here laid aside, as totally foreign to the calculation; (how far these are likely to happen, may hereafter appear.) At present, I shall only take notice of the arithmetical errors of the plan, and state against this supposed balance, such sums as have either been wholly omitted in the payments, or have been over-stated in the supposed receipts.

The first Report of the Directors had scarcely appeared, when they discovered that they had committed an error, by omitting to state the sum of £.33,713 which

became due to the Public for customs, and for which they had not provided in their estimate; about the same time, they discovered that certain damaged goods had been sold for the sum of £.26,561 less than they had been estimated at, and which, therefore, were to be deducted from their receipts. — These two sums are very properly taken notice of by the Directors, in the Second Report, and they furnish a strong instance of the fallibility of this species of estimate, where no allowance is made for contingencies and unforeseen events.

While the Public are obliged to borrow money at a heavy interest, and to load the individuals of this country with heavy taxes, it appears extremely reasonable, that the money they lend to the East-India Company should be charged with an interest, in order to indemnify the Public from that which they are obliged to pay. The Company is indebted to the Public in the sum of £.924,862, which being postponed for the term required by the situation of the Company, would accumulate a sum of
£.172,240

£.172,240 for interest, and which either must be made a present of by the Public to the Company, or must form a charge on the cash estimate.

There is another sum of £.100,000, which, with six years interest, would form the sum of £.130,000, and is now due to the Public by the Company, for the renewal of their charter, and which either must form a charge against them, or must be given up by the Public.

The East-India Company have hitherto not been in the practice of insuring their ships and cargoes; but since they do not pay insurance, they must bear the loss when it arises, and that loss, whenever it happens, as it diminishes the quantity of their goods, also diminishes the stock from which the most considerable part of their receipts must arise. There is no way by which this chance of loss can be so fairly calculated, as by taking the price which is had for the insurance to India, by the Individuals who do insure. It is true, by not insuring, or,
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in other words, by being their own insurer, the Company save that part of the premium which forms the profit of the insurer; but whoever will calculate the chance of continued peace for six years, and all the variety of accidents which may happen, will find that the common market price of insurance is the best medium he can take, in computing the loss and risk of the Company. As this sum would be paid by the Company, if they insured, and is the best measure of their loss, if they do not insure, it must operate as an alteration of their account of receipts and payments, and form another deduction from the balance above-mentioned, of the sum of £.385,000.

But the material articles of the receipts of the Company, are the extent of its sales; and of its payments, the price of its exports. The accuracy of these form an essential feature in the estimate proposed; in them, therefore, it is necessary to be more exact. The Directors state their sales to amount, from an average of ten years, to the sum of £.3,300,000 per annum. It is remarkable, that

that no period of the history of the Company would afford this average, but the one the Directors have chosen; and it is well known, that the immense investments sent to Europe in the years 1769, 1770, 1771, and 1772, were sold by the Company at an immense loss; the speculations of some of those in the management of the Company at home, required immense sales, in order to furnish a ground for high dividends. These speculations ended in almost the bankruptcy of the Company, and with such speculations the large sales were at an end. Fairness, therefore, would lead us to strike these years out of the period, and we shall find the average amount of the sales of the Company, for the six years, ending in 1778, not to exceed £.3,190,000. But if we take a period, including two years before that taken by the Directors, and two years after it, we shall find that the average was considerably lower, scarcely amounting to £.3,150,000. But if we take the period from 1765 to 1780, and strike out the years of the large sales, which flowed only from a principle so destructive, that no man could wish to see it renewed,

renewed, we shall find the average amount of the Company's sales does not exceed the sum of £.3,027,000. In which ever point of view, therefore, it is taken, the average of the Directors is fallacious; and in so far as it exceeds, the real average must form a deduction from the receipts of the Company. The fairest average amidst these seems to be £.3,150,000, which, if just, will in six years form a deduction from the receipts of the Company of £.900,000.

It may be true, as has been asserted by the Directors, that the quality of their goods is improved; but if we consider that the eyes of every nation in Europe are turned to the trade of Bengal; that the competition in the market of India is increased greatly; and that the investments of the foreign Companies are furnished by those very servants, whose duty it is to provide investment for our own Company, for the sole purpose of remitting home their own private fortunes, we shall not see much reason to believe, that the goods sold by the foreign Companies will be inferior in quality to those imported into England,

England; and we have absolute certainty that their cargoes are better assorted, since, not many months ago, the Directors made a formal charge against the Board of Trade in Bengal, complaining of the singular circumstance that the ships of foreign Companies were laden with every article which sold at a profit in Europe, while those of our own Company were filled with such goods only as sold at a loss *.

The payments to be made by the Company on account of goods exported, amount to the sum of £.370,000 *per ann.* according to the Directors estimate, and to £.587,000

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according

* There is also another circumstance, which, no doubt, must tend considerably to check and lessen the sales of the India Company. It is but of late years that the manufacture of fine cotton goods has been introduced into this country; from the various improvements and machines invented for the spinning of cotton, cotton-thread can now be had in this country of a fineness suited to any manufacture. The ingenuity of our weavers has not failed to make use of this circumstance, and at present cotton-muslins are manufactured in Britain at a price, and of a quality to rival those brought from Bengal. The manufacture is in an improving and flourishing trade; and the more it flourishes, the more it must lessen the sales of the Company.

according to the average of their exports for the twenty years last past. It affords but a melancholy prospect to those who value the export trade of this country, to consider that the India Company cannot be rescued from their present embarrassment, unless the exports of England, are diminished in the annual sum to above two hundred thousand pounds; but it may be justly doubted, whether, as the most considerable part of the exports of the Company consist in military stores, cloathing for the troops, and other necessaries for the use of the settlements abroad, it is possible to make any such reduction in the exports as is supposed by the Directors. The Chairman of the Company, indeed, stated in the House of Commons, that the difference between the two estimates arose from bullion being included in the one, and not in the other; and that it is now not intended to export any more of that article in future.

If this were true, it would not be very easy to conceive how a trade in which great exportations of bullion were necessary, could

could be carried on without such annual supply, and it would be still more difficult to imagine, how Bengal could possibly subsist for many years longer, while its specie is continually exported, and none imported from any quarter of the globe. But the fact is not true, for the Select Committee, in their Appendix to the Ninth Report, have furnished us with an account of the bullion exported for many years past, by the East-India Company, which by no means agrees with the statement given by Mr. Smith, from 1758 to 1770 inclusive. The average export of bullion to all the Settlements of India, amounted to the sum of £.146,894, and from 1771 to 1780 inclusive, it amounted to no more than the sum of £.42,650. The ceasing to export bullion will, therefore, in a very small degree diminish the exports of the Company, and as that is the only mode stated by the Chairman in which they can be reduced, it is fair to conclude, that the exports must remain in future what they have been for many years past. The exports for many years past amount at an average to £.587,000

per ann. therefore, the payments to be made on this account, will exceed that stated by the Directors in the annual sum of £.217,000 amounting in six years to the immense sum of £.1,302,000.

The Directors in their estimate take credit for the receipt of an annual sum of £.40,000 as the amount of the profit gained by the Company on the goods imported in private trade, and this sum is not estimated at an average of past years, but on a prospect of future ones, the indulgences to be given to the Captains are to be increased: but it may be very doubtful, how far this increase of private trade, will not form a competition against the Company itself at its own sales, while so far from checking smuggling, it will encourage it, and the large quantity allowed to be imported by the servants of the Company, will only form a cover for a larger quantity to be smuggled. As this regulation, therefore, is doubtful in its event, the most accurate way of considering the profits upon private trade is by an average of the past, by which we shall find

find that it amounts to no more than £.25,000, leaving a deduction from the receipts of the Company, of the sum of £.15,000 *per ann.* amounting in six years to the sum of £.90,000.

Such then are the decreases in receipts and the encreases of payments to which the Company has to look, and which, if put together, form a wonderful alteration in the balance of cash, which would remain to the Company in March 1790.

The Directors first Report states the balance to be	Payments omitted in the Directors state.
£.201,302	Customs not stated in the first Report
	Insurance
	To Government for interest on duties
	To Government now due with interest
	To the providing goods for export
	Receipts over stated.
	Sales in 6 years
	Private ditto
	Damaged goods
	£.3,037,514

If

If the diminution of the cash receipts of the Company, and the encrease of their cash payments, forms, a sum of above three million beyond what is stated in the Directors first Report, how is it possible to conceive, that the Company can go on, and answer the necessary demands that are upon them, by means of a proposed relief, which has for its ultimate object the retaining for some years a sum of public money without interest? The idea of postponing the payment of Bills to periods after they fall due, will only afford the means of relief to the Company, in so far as it enables them to suit their payments to their receipts, and must be entirely inefficacious, since, with the postponements proposed, the receipts and payments cannot be brought in any degree to coincide.

But even admitting that this cash estimate were accurate, yet unless the proposition be true, which is assumed in it, "That
 "no more Bills than those provided for will
 "be drawn," the whole must fall to the ground. The estimate proceeds entirely
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upon this supposition, which is so far from being founded in fact, that Bills beyond what were known of by the Company, at the time they framed their first Report, to the amount of £.1,275,184, have either been actually drawn, or notice of their being to be drawn, has been received by the Company.—It may be true, that goods equal in value to the amount of these Bills *may* be provided in India, and even *may* arrive in the warehouses in England, (how far this is likely to be the case will be afterwards considered) but as the sales of the Company cannot be encreased, so as to furnish cash for the discharge of those Bills when they become due, the Company must stop for want of cash to make their necessary payments, and be under the necessity of applying again to Parliament, for a further pecuniary relief.

With regard to near one half of this sum, accounts of which were received before the Directors made their second Report, it is to be observed, that they there state, that it will not make any alteration upon their cash estimate, as by an alteration which has
taken

taken place in the duties and drawbacks upon muslins, the Company will save the sum of £. 118,000 *per annum*; and the public by the new modification of the duties, will receive equal to the amount it now does. If this proposition is true, no doubt the Company will so far be gainers, but it may be remarked, that the experiment has been tried for a few months only, and upon so short a trial, the calculation is made for six years to come.

But with regard to the other half of this sum, the notice of which has been received since the publication of the second Report, either the bills must be paid, in which case an alteration equal to their amount must be made in the cash estimate of the Company; so they must be postponed to a period beyond the year 1790; a period so distant, that no bill-holder in his senses would agree to it. Or they must be sent back to Bengal, and thus form an addition to the bond debt there.—Or, they may be considered as a part of the bills, which were allotted to be drawn from India,

dia, for the future carrying on of the trade and commerce between that country and this. If they were taken to be a part of this sum, it may be true, that they will form no alteration in the cash estimate of the Company, but the consequences will be still more ruinous.

The proposed future plan for the trade of the Company, is to be reduced to a very low scale indeed, if these bills are to be taken as part of those allotted for future commerce. The future investment from Bengal will be reduced almost to nothing, and the manufacturer in that country must be inevitably ruined.

He has been long accustomed to a demand for his goods, equal to the investment provided by the Company. But if such quantities of goods are now accumulated from the sums collected for the bills drawn, or to be drawn, as to make it necessary to stop, in a great measure, or perhaps totally, any Bengal investment for some years, either the manufacturer must perish, and the trade be

E ruined,

ruined, or the demand from the English Company ceasing, he must get rid of his goods at the best price he can get from Foreigners, and as the market will be overstocked with goods, from withdrawing the British demand, the Foreigners will purchase cheap, and of course be able to undersell the Company, in every market in Europe.

Thus, in which ever view this estimate is taken, it must prove fallacious, unless a greater relief in point of cash is given to the Company than the one now proposed. It will only operate as a short and temporary assistance, totally inadequate to the object intended.

It does not, however, necessarily follow, that the Company is in a state of ruin, because it is not able to make good all the demands that are upon it, or, in other words, because it is not able to make its payments and its receipts coincide.

It

It may happen that their Warehouses may be full of goods which cannot be disposed of, and their Treasuries abroad filled with money, that cannot be remitted to Europe ; nothing, indeed, can be a stronger proof of the false system upon which the great investment loans have been made, and upon which the trade of the Company has of late been carried on, than the total impossibility of accommodating their payments to their receipts, but it is not necessarily a proof of real poverty and ruin. The real situation of the Company, is to be gathered from a review of their proposed scheme of trade, an examination into the funds provided for investment, and a discussion of the state of their possessions abroad.

In considering any plan of future commerce, to be carried on by the East-India Company, there is one object beyond the mere practicability of the scheme to be attended to, and that is the relative operation which any proposed plan will have upon the situation of Bengal, and the effects it

may have on the future resources of that country.

It is extremely practicable that a Company which feels the immediate pressure of the demand at home, may invent a plan of trade and a system of commerce, which may not only be plausible, but even advantageous for a few years, but which in the end must prove ruinous to the country from which it is drawn, and produce the destruction of that very Company, the prosperity of which it was invented to promote.

The circumstances of the joint character of Sovereign and Merchant, which are so incompatibly united in the East-India Company, and the certainty which experience gives us, that the real interest of Bengal, and of course the true interest of the Company, has been often sacrificed to present views and immediate objects, will lead us to watch with attention any new scheme that is proposed for the trade and commerce of India. And I am afraid, we shall find, upon investigation, that the plan proposed

posed by the Directors, is not only fallacious in the estimate it gives of the present funds of the Company, but doubtful in the practicability of its execution, and perhaps ruinous and oppressive in its effects.

The first object, however, is to consider the amount of the funds, before we consider the nature of them.

The estimate states a sum of £.5,811,049 as the total amount of the fund provided for the season 1783-4. But as that sum has, from subsequent events, partly mentioned in the second Report of the Directors, and partly taken notice of in the Report of the Committee, undergone a variety of alterations, it may be proper to state these at length, in order to give a true knowledge of the real amount of the funds proposed for investment.

First then, there is to be deducted from this fund, the following sums, mentioned in the second Report of the Directors.

The

The amount of the produce of the salt and opium, which instead of being applied to the purpose of investment, was applied to the current service of the year, £. 450,000

Certificates from Bengal, 115,560

Bills from Bombay, which were divided among the Bondholders, - - - - - } 45,000

Bills not drawn from China, - 150,000

£. 760,560

But there is to be added to the fund the sum of fifteen and thirty-five lacks, subscribed in April and August, 1783, and mentioned in the second Report of the

Directors, - - - - - £. 562,500

Cargoes from Bombay, - - - 100,000

from Madras, - - - 37,000

50 Lacks subscribed in Nov. 1783, 562,500

1,262,000

760,560

£. 501,440

These alterations, therefore, will give us the sum of above five hundred thousand pounds,

pounds, to be added to the fund provided for the supplying of investment, which will stand thus :

Sums stated in the first report	5,811,049
Add the balance above stated	501,440

Total fund for the investment, 1783-4	} 6,312,489
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It is not a little remarkable, that this proposed fund should, for one of its first articles, comprehend a sum of £.213,000, which does not belong to the Company.— It is called the produce of the Dutch investment, which sum, so far from actually belonging to them, is the subject of litigation between them and the captors; the greatness of the amount forms the principal reason why the Company contend it belongs to them, while the troops who took Chinsura, and the Captain of one of his Majesty's frigates who assisted them, supported in his claim by Sir Edward Hughes, insist that the amount of the booty can never make any alteration on the right of the captors. To state that which is claimed
by

by others, as the exclusive property of the Company, in the very outset of the estimate, does not impress us with the most favourable idea of its subsequent accuracy, or fidelity. In order to know whether the funds said to be provided for investment were actually applied to that purpose, the Committee of the House of Commons have laid before the Public an estimate* of all the cargoes that are expected to be shipped for England from India for the season, 1783-4, which amount to no more than £.4,240,178.

From this it is apparent, that the funds applicable to the purposes of investment, exceed the investment actually provided in no less a sum than £.2,073,311. For this deficiency, it is not easy to account in any manner at all satisfactory. The fact is not stated in any report of the Directors, who only lay before the Public the amount of the funds supposed to be provided, and the

* Furnished to them by the accountants at the India-House.

the Committee confess, that they are at a loss how to explain so material a variation.

It is possible, that part of the sum may have been advanced to manufacturers, as is the custom in India, and from the lateness of the advances, the goods could not be provided time enough to be shipped in the year, 1783-4, but will remain to form part of the investment of a future year; it is impossible, however, to suppose that a sum above two millions either has been, or can be accounted for in this way.

The advances made to the manufacturer in the times of the greatest investments, could not account for a fourth of this sum.

We know, that by much the greatest part of the subscriptions to these investment loans were not made in money *, but were adjusted by adjusting of debts due to the subscribers

* Vide Board of Trade's Letter, 4th November, 1783.

scribers by the Government in Bengal, and by the paying in of orders on the Treasury, which were in their hands; the mode, therefore, that has been adopted, was to give bills on England to the subscribers, equal to the debts and orders thus adjusted, and to grant to the Board of Trade a credit equal to the amount paid in, which they were to use, by giving orders on the Treasury for such sums as they might have occasion to pay for the goods they purchased. A variety of observations naturally present themselves to our minds, upon the first view of this complicated mode of raising money, and may lead us to a variety of conjectures, in order to account for the deficiency above stated.

It is well known that the Treasury orders in Bengal, a species of circulation similar to that of Exchequer bills in this country, were at a discount of four or five per cent. and it may not only be possible, but probable, that in such circumstances, the Board of Trade could not circulate the orders they

they wished to issue, and of course could not provide the investment proposed *.

We further know, from the second Report of the Directors, that all the money procured by the investment loans of fifteen and thirty-five lacks in April and August, 1783, was, in the first instance, applied to the current service of the year, and in lieu of it a credit on the Treasury given to the Board of Trade; if this credit either was not, or could not be used, this will also account, in some measure, for the deficiency.

Which ever way we turn the subject, we shall find its difficulties inexplicable; but this intricacy will certainly lead us not to

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* If these credits on the Treasury were nothing more than mere anticipations of current revenue of the year, there will be no encrease to the debt abroad; but if they are, as there is every reason to suppose, the means of borrowing money, and not to be paid out of the revenue as it comes in, then there will remain a debt due in Bengal equal to their amount, which must be added to the debt in India, but which we shall see hereafter, when we come to consider the debts due by the Company abroad is no where carried to account.

give the Company credit for the whole amount of the fund provided for investment, when we see so great, and so irreconcilable a difference between that and the investment actually provided; and when, from the mode in which the subscriptions were paid in, there is reason to believe, that the whole operation of the loan would end in liquidating out-standing demands upon the Bengal Government, by bills upon England.

It is the more necessary to be cautious upon this head, since the goods which ought to be provided with this two millions are valued at double that sum, when they come to be sold in England, and of course are taken as the fund for supplying the Company at home, with a sum in cash, amounting to above four millions.

In the estimate of future commerce, the sum of £.450,000 *per annum*, is regularly taken as a commercial profit by the Company, and applied to the purpose of investment,

ment, and arises from what is called the profit on salt and opium. The salt is entirely new as an article of revenue, to any thing near the extent here proposed, which, great as it is, is still inferior to the sum said to be raised from it. The old revenue realized from salt, did not exceed a sixth part of what it now is said to produce, since the whole salt has been manufactured and sold for the Company's benefit.

The Company is the sole proprietor of all the grounds where salt can be made, their servants manufacture it, and sell it at the risque of the Company. It is difficult to conceive a more perfect monopoly of a necessary article, and it is undoubtedly in the power of the servants of the Company, to raise from this revenue any sum they think proper.

It may be true, that the price of salt is not yet raised to such a pitch, as to become oppressive to the natives, but it is difficult to conceive how a revenue can be raised from seven lacks of rupees to near fifty, without

without some considerable degree of injustice; and if this immense increase arises from concentrating in the Company the former profits of the farmers of the salt districts, without increasing the price to the consumer, it is equally difficult to conceive, how the farmers of districts immediately under the eye of the servants of the Company, could have, for so many years, been permitted quietly to enjoy so immense a profit. Before, therefore, we can give credit for this immense sum, as an article for the provision of future investment, it will certainly merit a more minute enquiry than it hitherto has undergone, or, indeed, than the materials in England render practicable, in order to ascertain whether this monopoly of a necessary of life, be not the engine of oppression, and whether that, which the History of Bengal teaches us has often been employed for the worst of purposes, is not already converted to the same ends.

With regard to the opium monopoly, the profit from that contract has never yet exceeded £.25,000, and yet, from the produce

duce of one year only, it is stated in future at £.50,000; and it is a miserable shift to increase revenue, when the Government of a great country become smugglers, as the Government of Bengal does become, when it proposes to increase the trade in opium by smuggling it into China*.

But if we suppose it possible, or expedient, that such monopolies be allowed to exist, the mode the Company propose to use the sum thus gained, appears perfectly chimerical. In future, the trade between China and England, which for years past has been carried on by the intervention of near £.300,000 a-year in bills, is to be carried

* The Directors, in their First Report, as we have seen, take into that estimate for the provision of investment, the whole produce of the salt and opium for the year 1783-4; were any thing wanting to convince us of the total fallibility of this species of estimate, which must, for its accuracy, depend upon a thousand events and contingencies, that the wisest man cannot foresee, nor the most prudent prevent, the observation contained in the Second Report, would operate complete conviction. In the month of February, the Directors state to the House of Commons, that they have reason to think that the sum of £.450,000 will be applicable to a particular purpose; and in May they are forced to confess, that this whole sum has been applied to other purposes.

carried on by the drawing for no greater a sum than a little above £.100,000 *per ann.* Such a restriction in point of drawing bills is absolutely necessary, in order to give the estimate of receipts and payments any colour of probability. But as the trade cannot be carried on without some medium, the project is formed of transporting annually the sum of £.250,000 from India to China, which is stated by the Directors, as if it were as easy to carry into effect, as it is to propose. That there is little commercial intercourse between Bengal and China, is a fact perfectly notorious; and if any evidence of it were required, it would be sufficient to state, that, upon every occasion, the Directors have encouraged their Factors in China to draw bills upon Bengal, and yet they never have been able to draw above £.10,000 *per annum.* How this is to be increased at once to £.250,000, must remain a problem, till the Directors chuse to solve it.

The smuggling of opium may indeed do a little, till the Chinese Government shall detect

detect and punish the servants of the Company; and some little commerce may be carried on, through the medium of the Eastern islands.

But it is impossible to imagine how this is to amount to £.250,000 *per annum*, unless money is to be collected in Bengal, and sent as bullion to China.

That the money of Bengal has been decreasing for years past, is a melancholy truth; and this country is not likely to remedy the evil, by stopping all remittances from Europe, and nothing was wanting to put the finishing hand to its ruin, but the establishing a regular mode for the exportation of the specie which is taken from the wretched inhabitants, by a monopoly of a necessary of life.

Formerly specie flowed into Bengal from a variety of channels. Europe furnished a large quantity; the commerce with Delhi, Agra, and Lahore, which were formerly in a flourishing state, and with the dominions

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of Oude, which have uniformly decreased in prosperity in the proportion of their connection with the Europeans, gave a considerable supply, while the trade with the West of India and Persia, was equally beneficial. At present not only are all these channels cut off, and the internal trade of India totally at a stand, but the new project of the Directors is to establish a regular channel for the exportation of specie from Bengal, which will soon complete the ruin of that distressed country.

The scheme further proceeds upon an idea of confining the investment from Bengal, to a sum little exceeding £.300,000, instead of near a million, which it formerly amounted to. It is true, that the system of investment drawn from revenue, operates in the nature of a tribute paid by Bengal to Europe, and, it may be said, that reducing the investment will operate as a reduction of tribute, and thus be beneficial to Bengal; whatever effect this may have, after a considerable period, on the prosperity of Bengal, at present it must, as has been
already

already hinted, end in the ruin either of the Company, or the Bengal manufacture. If this sudden decrease of the investment falls entirely on the manufacturer, he must inevitably starve. The ruin of the manufacturer necessarily brings along with it decrease of revenue, and thus operates to render all the hopes from the surplus of Indian revenue entirely visionary. In the progress of this ruin, the manufacturer, in the struggles of necessity, will be compelled to sell at an inferior price to foreigners, and to Englishmen who supply foreigners: and this must operate against the Company in their sales at home.

If foreigners carried on their trade through the medium either of bullion, or of commodities exported from Europe, such a trade, proceeding upon commercial principles, might, and certainly would be more advantageous to Bengal, than the system of investment drawn from it by Britain; but the misfortune is, that the trade of foreigners to Bengal, is almost equally destructive of its prosperity as that carried on by the English

Company; little or nothing is carried out. The capital is furnished by the servants of the India Company, and the operation of their trade only differs from the trade of the Company in this: they draw from Bengal that which is acquired by extortion, while the Company draw that which is acquired by revenue.

The lessening then of the investment from Bengal, will only facilitate the remittance of private fortunes, by forcing the manufacturer to part with his goods at any price he can get, or to starve. By facilitating the transportation of private fortunes, it will accelerate the ruin of that country, while the foreigner who brings the goods to Europe, accelerates the ruin of the Company at home, by underselling it in every market.

Perhaps nothing will in the end operate so much towards the ruin of Bengal, as the immense investment loans that have lately been made. While the war in other parts of India formed a severe drain from Bengal:
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the facility which these loans gave to every one to send his fortune to Europe, has left Bengal, at a time when its credit was oppressed and shaken, without one single shilling of the private fortune of almost any European in India.

So much then for this Second Estimate of the Directors, which, if carried into execution, appears doubtful in the amount of the sums provided, impracticable in some of its points, and ruinous in all. We shall now proceed to take a view of the probable neat surplus that will remain to the Company, from their revenue in India, after deducting their expences, and providing a fund for the payment of their debts and other demands, to which they are subject abroad.

The bond debt at the different Presidencies, amounts to the sum of £.4,799,703. The arrears due by the Company at Madras, amount, by Lord Macartney's accounts, to above £.500,000. The arrears of Pishcush due to the Nizam, and promised to be paid

paid, amount to £.330,000. The demand of the Public on the revenue in India, for the expence of victualling the King's ships, is £.566,903. The pay due to the Public, for troops lent to the Company, amounts to £.215,000; all these sums must be added to the bond debt in India, and will form a capital of £.6,411,646, exclusive of many further demands for winding up the war, exclusive of that sum of Treasury orders and demands upon the Company, which, as has been already stated, there is every reason to apprehend, exist to a considerable amount unprovided for; and exclusive of a sum of thirty lacks, which, even according to the most favourable state lately transmitted by Mr. Hastings, the revenue of 1783-4, will fall short of the demands, or, of 120 lacks, according to the report of the Select Committee.

The Interest usually paid upon the Company's debt in India, is eight *per cent.* which upon a capital of £.6,400,000, would amount to £.512,000 *per annum.*

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The neat revenue supposed to remain to the Company in India, after deducting the charges of collection, the civil, military, and marine charges, amounts, according to the Directors estimate, to the sum of £.1,091,546. It is from this surplus, if fairly stated, that both the principal and interest of this immense load of debt is to be paid, and it is therefore a point of importance to examine whether its amount is fairly stated, and the charges upon the revenues abroad accurately made.

First then, a sum equal to the whole interest of all the debt in India, must be stated as an annual charge upon the revenue in India, as from that only it can be paid.

Secondly, The Directors state the civil charges of Bengal to amount to a sum of £.350,000 in the year. However, these charges in the year 1777-8, amounted to above £.400,000, and in the year 1780-1 to the sum of £.589,000. It is true, that the Directors object to this last year
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being taken as the amount of the civil charges, as in that year a considerable payment to the son of the Rajah of Barar, was included in the civil charges, which ought not to be considered as an annual payment, but the Chairman of the India Company stated in the House of Commons, that they might in future amount to about £.427,000 *per annum*. Therefore, according to his account, the civil charges are under-stated by the Directors in their account, the sum of £.77,000, which will form a further charge upon the Revenue in India.

The revenue at Madras, is stated by the Directors to amount to £.600,000, *per annum*, but from the average of past years, from 1771, to 1780, it amounts only to the sum of £.484,000.

It is not easy to imagine, why the Directors chuse to state it at the above sum, but surely it is not very unreasonable to suppose, that a country which has been so long

long the seat of war and desolation, will not yield a higher revenue, than it did in time of peace and prosperity, therefore, a sum of £. 116,000 must further be deducted, from the supposed neat surplus in India.

The civil charges at Madras, are stated by the Directors to amount to £ 60,000. Lord Macartney, however, states them at present at above £. 100,000. And in the estimate he has sent home, of the supposed state of that settlement at the end of three years peace, he states them at £. 120,000, it is not therefore extravagant to state them at the annual sum of £. 100,000, which will form a further deduction of £. 40,000.

The sum which Bencoolen and Bombay have annually required, over and above their own revenues, appears from an average of many years past, to be to the first, £. 59,000: to the latter, £. 246,000. These supplies are, however, stated by the Directors at £. 50,000, and £. 226,000; which leave an additional charge on the supposed surplus revenue in India of £. 35,000. Deducting

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all these several sums, from the surplus stated by the Directors, it will stand thus :

Sums to be deducted.	
Surplus stated by the Directors, £. 1,091,546	The interest of £. 6,400,000, at eight per cent. £. 512,000
	Civil charges at Bengal, under-stated, 77,000
	Madras revenue, over-stated, 166,000
	————— Civil charges under-stated, 40,000
	Supplies to Bombay and Bencoolen, understated 35,000
Total sums to be deducted, 780,000	<u>£. 780,000</u>
Neat surplus, £. 311,546	

It will, however, be observed, that in considering the deductions to be made from the India revenue, it is supposed that the military and marine charges, and the expence of fortifications, are actually reduced to that sum, which the Directors in their estimate, state them to be reduced to, and it is even probable that œconomy and a pacific system may render it safe to reduce them lower than they

they are stated. And also that the revenue in India actually produces at present, and will produce in future, the sum at which it is taken at by the Directors. But it will also be observed, that in order to form this surplus of £.300,000, the payments made to the Company from Oude and Benares, and which lately have been encreased, the one from 34 to 54 lacks, and the other from 22 to 44 lacks, are here included at their highest amount; and credit, for the full receipt of the whole subsidy is taken; how far this is consistent with justice, or even with the possibility of payment, is not now to be discussed fully. When Raja Chait Sing whose tribute was formerly 22 lacks, was called upon by the Bengal Government, for an additional payment of 5 lacks *per ann.* he complained of it, not only as an act of injustice, but as ruinous and oppressive to the country he governed; now the tribute is raised to double its former amount, and the country is supposed to pay the advanced sum with ease, when it was with difficulty that the former smaller sum was raised from it. The district of Benares though rich, is

very limited in extent, and the drawing the immense sum of near £.500,000 from such an extent of country, cannot but soon end in its ruin.

The subsidy from Oude has also been considerably encreased; what probability there is of obtaining this advanced sum from a country which was always in arrears, when it paid a smaller subsidy, which is now represented by its Prince, to be in a state of misery and famine, and which has, between the year 1774 and the year 1780, decreased in its prosperity and diminished in its revenue, to the amount of 65 lacks a year, as appears by the comparative state of its revenue, published by the Committee, time must discover.

But it is not the part of a very gloomy politician to prognosticate, that a Company which trusts its prosperity to such precarious and doubtful resources, has but a small chance of diminishing the immense load of debt that now hangs over it.

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This surplus is not only supposed to be really efficient, but the affairs of the Company in the East, are supposed to be already, and to continue in uninterrupted prosperity, peace, and good Government for six years to come, no allowance whatever is made for the variety of contingencies, which must unavoidably occur in the best regulated and the least complicated system of Government; if they do happen, this surplus of £.300,000, such as it is, is the only fund to which the Company can look, to extricate itself from its present embarrassment, and to provide against future distress.

It is a melancholy truth, that according to Mr. Hastings's last letter, peace is not yet established in India. The Madras Government was preparing to take the field, and such is the state of the Company, that no war, however prosperous, can tend to its benefit. Tippo Saib may be defeated, and perhaps his dominions divided amongst the confederates against him, but the common expences of war will encrease the embarrassments

raffments of the Company, while the only effect of destroying the empire of Tippo Saib, will be to increase the power, and to bring into our neighbourhood, by much the most formidable of the Indian States. The situation of India, with the natural jealousies which have taken deep root in the breasts of the native Princes; the short-sighted policy which leads them to grasp at present power, and present enjoyment, and the precarious and fluctuating nature of despotic authority, which too often induces its possessors to seek present advantage at the expence of future security; with the deep private interest, which many of the Europeans in India have in wars and confusion, does not afford us the surest prospect of uninterrupted peace and undisturbed prosperity.

Tippo Saib is actually at war; the Raja of Berar, whose friendship we formerly purchased at an immense price, is jealous of our power, and has undertaken a journey to Poona, while Mr. Chapman our Resident, at his Court, found his situation so unpleasant,

fant, from the jealousy of the Raja, that he thought it prudent to solicit his recal. Scindia who has of late been so much our friend in all the transactions relative to the Marhatta peace, has at the same time afforded a safe and secure asylum to Cheit Sing, who was expelled his dominions by our authority, and is at this moment carrying on a war against the miserable Rana of Gohud, flights our mediation, and threatens to exterminate him for no other reason than his attachment to us during the Marhatta war: with such dispositions in the three most powerful native Princes, who border upon our dominions, the certainty of six years peace, is at best but a precarious hope, which neither the present situation nor the past experience of Indian history will justify.

Such then is the situation of the Company, from all the accounts that are offered to the Public; an embarrassed situation at home, an extensive and exhausted territory abroad, and a doubtful and precarious peace. Great, indeed, must be the talents, and severe the
 œconomy

œconomy which can retrieve its affairs, and
remedy all those evils which a series of mis-
fortune and mismanagement has entailed
upon it.

F I N I S.



